



Summit County Port Authority
Proposed Capital Lease Financing
Goodyear Headquarters Project
Financing Term Sheet

11-023



The following is a draft, preliminary term sheet and is subject to review and change by the Port Authority, City of Akron, County of Summit, the State of Ohio, the Goodyear Tire & Rubber Company, IRG and the Lender (as defined below). The purpose of this term sheet is to identify the proposed terms and conditions under which the parties would consider entering into the proposed financing, construction, and lease agreements with respect to the proposed Project. This term sheet is confidential and proprietary, to the extent permitted by law.

Below is the proposed financing term sheet (the "Term Sheet") outlining the terms of the financing being proposed by the Summit County Port Authority (the "Lessor" or "Port Authority") related to the construction of the new North American and Global Headquarters facility (the "Project" or "Headquarters") for the Goodyear Tire & Rubber Company ("Goodyear") located in Akron, Ohio. Additionally, Goodyear and Industrial Realty Group LLC ("IRG" or "Developer") intend to renovate and improve Goodyear's existing Tech Center (the "Tech Center Project") and to provide parking facilities for the Tech Center and Headquarters. The Tech Center Project and parking facilities are not currently a part of the Project as described in this Term Sheet.

AG Net Lease Acquisition Corp. (the "Lender") will hold title to the land associated with the Headquarters project site (the "Project Site") and ground lease the Project Site to the Port Authority. The Port Authority will then lease the Headquarters to Goodyear (the "Lessee") on a capital lease basis (the "Lease") for the initial term of the lease, as described herein. The Port Authority will issue taxable Bonds (the "Bonds") to finance the proposed Project. The Bonds will be purchased by the Lender pursuant to a Bond Placement Agreement. The principal and interest payments relating to the Bonds will be secured by and be payable from rent payments due under the Lease payable by Goodyear. The financing is being structured as a capital lease between the Port Authority and Goodyear to provide sales tax savings on the construction materials associated with the construction of the Project. Additionally, the public entities will fund a portion of the Project, as set forth below.

This term sheet will summarize (I) the Project (II) the Port Authority Capital Lease Structure, (III) the Port Authority Bonds, (IV) the State 166 Loan, State R&D Loan and State Grants (the "State Assistance"), (IV) the County Assistance, (V) the City TIF and City Assistance.

Section I — Project Summary:

Project Description:

IRG as Construction Agent of the Port Authority will construct or cause to be constructed a new, approximately 639,000 square foot headquarters facility that will house both the Global and North American Headquarters of Goodyear.

Project Costs:

The anticipated cost of constructing the Project including hard and soft costs and costs of issuance is approximately \$156 million as further described below.

Project Sources & Uses:

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SOURCES	TOTAL
Port Authority Bond Proceeds	99,321,450
Discretionary Grants (1)	15,000,000
Discretionary Grant (JRS)	2,000,000
State 166 Term Loan (2)	15,000,000
State 166 City Loan (3)	5,000,000
State R&D Loan (2)	10,000,000
Summit County Assistance (4)	10,200,000
Port Authority Sales Tax Savings	4,515,225
Total Sources	161,036,675

USES	
New Headquarters Buildings	126,300,000
Network systems cabling	1,000,000
Data Center reconstruction	1,200,000
IT infrastructure	14,900,000
Security	3,000,000
Estimated Financing Costs	12,800,000
Moving Costs	1,000,000
Estimated Port Bond Costs	503,550
State Loan Capitalized Interest	203,125
State Loan Closing Costs	130,000
Total Uses	161,036,675

- (1) Economic Development Contingency Fund, Global Analyst Settlement Fund, and Rapid Outreach Grant
- (2) Repaid by the City TIF
- (3) Repaid by City non-tax revenues
- (4) Repaid by County non-tax revenues. County's total contribution is \$15,000,000. \$4,800,000 of County's contribution is programmed for Technical Center renovation rather than HQ Building.

Use of Proceeds:

The Port Authority will issue Bonds to be purchased by the Lender to fund a portion of the hard and soft costs of the Project, including (without limitation) all fees and financing costs, and the amount of capitalized interest incurred during construction of the Project, if any. The Port Authority, pursuant to the Construction Agency Agreement, will use the proceeds of the Bonds, together with the other State and local funds to finance and construct the Project.

Construction Draws:

The Port Authority will issue a Bond in the amount of up to \$105,000,000 (subject to final cost estimates). Upon closing, an initial advance will be made in an amount equal to any fees or financing costs, soft costs or other costs incurred at or before closing. The initial principal

amount of the Bond will therefore be equal to the amount of this initial advance. As incremental advances are made by the Bond Trustee to fund construction of the Project, the Bond balance will increase by a like amount until all Project costs funded from Bond proceeds have been advanced. Interest (at the rate applicable to the Bonds, as provided below) will be payable only on the amounts that are advanced, from the respective dates each of the advances are made.

Project Lease:

The Headquarters will be leased to Goodyear on a capital lease basis for approximately 25 years.

Term of Financing:

The Bonds will be structured with a final maturity of approximately 27 years (December 1, 2037). Principal and interest payments on the Bonds and lease payments under the Capital Lease are subject to the Lender/Goodyear Letter of Intent.

Development Agreement & Contingencies:

The parties acknowledge that the existing Development Agreement and Modifications 1 and 2 thereto, entered into by the City, the County, and IRG Rubber City LLC, no longer accurately represent the current Project scope and related commitments of the parties. Upon execution of the Term Sheet, the Development Agreement will be replaced by a new Cooperative Agreement representing the revised scope, terms, conditions and commitments of the parties in connection with the Project

Further, the parties acknowledge that the County Assistance and City Assistance as described herein is contingent upon the successful take-out financing of the \$17.2 million land acquisition bonds by IRG which are currently backed by a non-tax revenue pledge of the City and County. The mandatory put date of the land acquisition bonds is June 1, 2012.

Construction Schedule:

Construction is expected to commence on or about March 2011 and is expected to be completed on or about March 2013.

Closing Date of Financing:

The financing is expected to close on or about March 2011.

Section II—Terms of the Project Lease:

Project Site Land Transfer:

Upon issuance of the Bonds, Goodyear will transfer title of the Project site to the City (at no cost to the City) and the City will transfer the site to the Lender.

Ground Lease:

The Lender will Ground Lease the Project Site to the Port Authority. The term and renewal terms of the Ground Lease will mirror the terms and renewal terms of the Lease.

Lessor: Summit County Port Authority will lease the Headquarters to the Lessee.

Lessee: Goodyear

Term: The initial term of the Lease shall be twenty (25) years.

Base Rent: Payable monthly in an amount of the interest and principal due on the Bonds.

Lease Payment Dates: **[Subject to the Lender/Goodyear Letter of Intent.]** Lessee shall make Base Rent payments directly to the Bond Trustee to satisfy payment obligations under the Lease. Bond Trustee shall transfer the Lease payments it receives directly to the Purchaser (as hereafter defined) to pay the principal and interest due on the Bonds.

Type of Lease: The Lease will be a triple net capital lease with the Lessee responsible to pay, as Additional Rent under the Lease, any and all costs and expenses in connection with the Headquarters including, but not limited to, (i) taxes, assessments, TIF Service Payments and Minimum Payments (if any); (ii) insurance premiums; and (iii) all other costs, fees, charges, and expenses related to the construction, installation, use, possession, operation, maintenance and repair of the Headquarters.

Lease Renewal Options: Lease renewal options are subject to the Lender/Goodyear Letter of Intent and final documentation.

Construction: Goodyear or IRG will secure a fixed price construction contract. Goodyear or IRG will also agree to guaranty to complete the Project on time and on budget and to fund any cost overruns related to the Project on terms acceptable to the Port Authority and Lender.

Ownership of the Project: The Lessee will be the owner of the Project for federal tax purposes, subject to the review by the Lessee's accountant.

Indemnification: Goodyear will indemnify the Lessor, the City and the County for any and all losses incurred by the Lessor, the City or the County, including environmental liability, as a result of the Project or the transaction.

Control of Project: Goodyear will control the construction and operation of the Project by way of the Lease and Construction Agency Agreement. However, the Lessor will have certain responsibilities, as defined in the disbursement agreement, construction agency agreement, or similar agreement, in any case as mutually satisfactory to Lessor and Lessee. Bond proceeds used to pay construction

costs will be disbursed as requested by the Bond Trustee from a project fund established under a Trust Indenture.

Estimated Financing Costs:

The following represents the estimated financing costs of the Capital Lease Bonds related to the Headquarters. The fee schedule below assumes a closing on or before March 31, 2011 and does not include any estimated legal fees incurred by Goodyear, the Lender or IRG. Fees will be paid at the closing of the Bonds:

Port Authority	\$150,000
Bond Counsel	125,000
Placement Agent (Baird)	223,550
Trustee	<u>5,000</u>
Total Estimated Costs	\$503,550

Sales Tax Savings:

The capital lease structure will create significant state and county sales tax savings on the construction materials related to the Project. Upon closing, the Port Authority will issue a Construction Contract Exemption Certificate ("Exemption Certificate") for the Project exempting all construction materials for the Project from state sales tax.

Section III — Summary of Bonds:

Primary Security for the Bonds:

Lease Payments: The Bonds will be secured by a collateral assignment of the Lease Payments. Lease payments from Goodyear will cover all principal and interest payments on the Bonds purchased by the Lender.

Collateral: The Bonds will have a first mortgage on the Project and all other assets funded from bond proceeds.

Purchaser of Bonds:

The purchaser of the Bonds will be the Lender, or a related entity (the "Purchaser"). The Purchaser will purchase the Bonds for an amount equal to the principal amount of the Bonds. The Purchaser will pay the purchase price in increments, as needed for incremental advances made to fund construction of the Project.

Trustee & Disbursing Agent:

[] will be the Trustee and Disbursing Agent for the Bonds and the State Loan and State Grant proceeds.

Section IV – State Assistance:

State Grants:

Economic Development Contingency Grant, Global Analyst Settlement Fund, and Rapid Outreach Grant: The State of Ohio (the "State") has approved \$8,950,271 in Global Analyst Settlement Fund, approved January 28, 2008 by Controlling Board, and \$1,049,729 in Economic Development Contingency Funds from Fiscal Year 2008 to fund a portion of the Project costs. An

additional \$5,000,000 grant has been committed by the State but has not yet been approved by the State Controlling Board ("Controlling Board"). Approval of an additional \$2,500,000 of grants is expected by Controlling Board on or after July of 2011 (State fiscal year 2012) and approval for the final \$2,500,000 of grants is expected by Controlling Board on or after July of 2012 (State fiscal year 2013). The approved \$10,000,000 granted for the Project will be deposited with the Bond Trustee serving as disbursing agent ("Disbursing Agent") at the closing of the financing as provided in the Master Grant Agreement and will be available to pay Project costs on a pro-rata basis.

JRS Grant: The State has approved a \$2,000,000 Job Ready Site Grant (the "JRS Grant") to fund a portion of the Project costs. JRS Grant proceeds in the amount of \$1,800,000 will be deposited with the Disbursing Agent at the closing of the financing as provided in the Master Grant Agreement and will be available to pay Project costs on a pro-rata basis. JRS Grant proceeds in the amount of \$200,000 have already been disbursed to fund qualified Project costs.

Master Grant Agreement:

The Port Authority is the recipient of the State Grants under the Master Grant Agreement between the State and the Port Authority. Upon execution of the term sheet the Master Grant Agreement will be revised to reflect any needed changes related to the Project.

State 166 Loan:

On December 3, 2007 DFAC approved a \$20,000,000 State 166 Loan that was subsequently approved by Controlling Board on January 28, 2008. On December 6th, 2010 DFAC approved new 166 Loan terms including a \$5,000,000 State 166 Loan to the City of Akron along with a \$15,000,000 State 166 Loan to fund a portion of the Project costs. Controlling Board approval of the new State 166 Loan terms is scheduled to occur on January 31st, 2011. State 166 Loan proceeds in the amount of \$20,000,000 will be deposited with the Disbursing Agent at the closing of the financing and will be available to pay Project costs on a pro-rata basis.

State 166 Loan Terms:

City Loan Repayment Terms: A \$5,000,000 portion of the State 166 Loan will bear interest at a rate of zero percent (plus a .25% servicing fee) and have a deferral of principal payments for months one through 60 (year one through five). Beginning in month 61 (year six) this portion of the State 166 Loan will bear interest at a rate of 2.00% per annum (plus a .25% servicing fee) and the outstanding principal balance will be amortized over the remaining 180 months (years 5-20) of the term. The repayment of this \$5,000,000 portion of the State 166 Loan will come from City of Akron payments from non-tax revenues (the "City Contribution").

Goodyear TIF Loan Repayment Terms: The remaining \$15,000,000 of the State 166 Loan will bear interest at a rate of zero percent (plus a .25% servicing fee) and have a deferral of principal payments for months one through 36 (year one through three). Beginning in month 37 (year four) this portion of the State 166 Loan will bear interest at a rate of 2.00% per annum (plus a .25% servicing fee) and the outstanding principal balance will be amortized over the remaining 204 months (years 4-20) of the term. The repayment of this \$15,000,000 portion of the State 166 Loan will come from the Net TIF Service Payments and Minimum Service Payments, if any, as set forth herein.

State R&D Loan:

On December 6, 2010, DFAC approved a \$10,000,000 State R&D Loan to fund a portion of the Project costs. Controlling Board approval is a scheduled to occur on January 31st, 2011. R&D Loan proceeds in the amount of \$10,000,000 will be deposited with the Disbursing Agent at the closing of the financing and will be available to pay Project costs on a pro-rata basis.

State R&D Loan Terms:

The R&D Loan will bear interest at a rate of zero percent (plus a .25% servicing fee) and have a deferral of principal payments for months one through 36 (years one through three). Beginning in month 37 (year four) the R&D Loan will bear interest at a rate of 2.00% per annum (plus a .25% servicing fee) and the outstanding principal balance will be amortized over the remaining 204 months (years 4-20) of the term. The repayment of the State R&D Loan will come from the Net TIF Service Payments and Minimum Service Payments, if any, as set forth herein.

Borrower for State 166 and State R&D Loans:

The Port Authority will act as Borrower of the State 166 Loan and State R&D Loan. The Port Authority will request that the State Loan proceeds be disbursed into escrow with the Disbursing Agent at closing.

Security and Repayment of the \$15,000,000 Portion of the State 166 Loan and the R&D Loan:

The \$15,000,000 portion of the State 166 Loan and the \$10,000,000 State R&D Loan (approved by DFAC on December 6, 2010 and to be approved by Controlling Board on January 31st, 2011) will be secured and repaid by an assignment of and first priority interest in Net TIF Service Payments related to the development. The State Loans shall be further secured by an acceptable Minimum Service Payment that runs with the land. Excess Net TIF Service Payments will be used to pay down principal on the State Loans early, and any excess

Net TIF Service Payments available after payment in full of all State Loan principal and interest will be transferred to Goodyear, as set forth below. **The TIF repayment structure will allow the 166 Loan and R&D Loan to be subordinate to the interests of the first mortgage lease financing.**

TIF Service Payments: The \$15,000,000 portion of the State 166 Loan and State R&D Loan will be secured by a senior pledge of Net TIF Service Payments.

Minimum Service Payment: The \$15,000,000 portion of the State 166 Loan and State R&D Loan will be secured by an assignment of Minimum Service Payments. In the event Net TIF Service Payments are not sufficient to cover the debt service on the State Assistance, the Lessee will be required to make a Minimum Service Payment levied on the Project equal to the debt service on the \$15,000,000 portion of the State 166 Loan and State R&D Loan, less any Net TIF Service Payments received. TIF Service Payments and Minimum Service Payments related to the Project are expected to commence in tax year [2014], payable [2015]. The Minimum Service Payments will be secured by a declaration of covenants that run with the land.

Senior Tax Lien: TIF Service Payments will become a senior lien to any mortgage on such property (similar to real estate taxes).

Construction and Occupancy Guaranty: Goodyear and or IRG will agree to construct the Project with an expected minimum value of [\$120,000,000] and to maintain its Global and North American headquarters at the Project Site throughout the term of the State Assistance. Goodyear and Lender will agree not to contest the value of the Headquarters and Tech Center below a value agreed upon by the parties. If Goodyear elects not to occupy the Project Site or elects to vacate or fails to use the Project Site as its Global and North American headquarters, the State will have the right to immediately demand full payment from Goodyear in the amount of the outstanding State Assistance.

Closing & Funding of State Loans:

The State 166 Loan and State R&D Loans will close at the same as the Port Authority Bonds and Capital Lease financing. The proceeds of the State 166 Loan and State R&D Loan will be deposited with the Disbursing Agent and will be available to fund project costs during construction of the Project.

Project Disbursements:

The State Loan proceeds will be available to be drawn on a pro-rata basis with the Bond proceeds (Lender's funds).

Capitalized Interest:

State Loan proceeds will be used to fund the State Loan Administrative Fees (.25%) until TIF Service Payments are expected to commence. The estimated capitalized interest needed for the first 3 years is approximately \$200,000.

State Loan Fees:

The State Loan fees will be funded or reimbursed from State Loan proceeds at closing. The estimated fees associated with the State Loans are approximately \$130,000.

Section V—City and County Assistance:

General Description of Assistance:

The City and County shall provide certain financial assistance to the Project in the form of (i) Net TIF Service Payments, (ii) City's Contribution in the form of repayment of a \$5,000,000 portion of the State 166 Loan and (iii) County's Contribution of \$15,000,000. City and County shall have no other obligation to provide assistance to the Project beyond the assistance set forth herein. The City and County assistance will be provided for and set forth in a new Cooperative Agreement, as described above.

Cooperative Agreement:

The Port Authority, the City, the County and Goodyear will enter into a cooperative agreement providing for, among other things, collection and payment of Net TIF Service Payments from the City to the Bond Trustee (as described herein).

TIF Service Payments:

Pursuant to the Cooperative Agreement, the City will adopt a TIF Ordinance that exempts 100% of the increase in the assessed valuation of the land and improvements at the Project site (the "Improvements") from real property taxation for a period of 30 years following the effective date of the TIF Ordinance (the "Exemption"). The TIF Ordinance shall provide that the owner of the Project site shall make semi-annual service payments in lieu of taxes (the "TIF Service Payments") to the Summit County (the "County") Fiscal Officer in the same manner and in the same amount as the real property taxes that would have been charged and payable against the assessed valuation of the Improvements but for the Exemption.

The Fiscal Officer shall remit all Service Payments to the City; the City will pay to the School District a portion of the Service Payments pursuant to the existing School Compensation Agreement between the City and the Akron City School District. The remaining portion of the Service Payments (the "Net TIF Service Payments") will be transferred to the Bond Trustee for payment on the \$15,000,000 portion of the State Loan and State R&D Loan (as described herein). In the event

these State Loans are no longer outstanding the City will transfer remaining Service Payments directly to Goodyear to reimburse Goodyear for the cost of the Project or other qualified expenses so long as Goodyear occupies the Project site.

City Contribution:

The City Contribution to repay the \$5,000,000 portion of the State 166 Loan is defined and set forth in Section IV, said commitment to be funded out of the City's non-tax revenues. City's commitment is contingent upon City Council approval and IRG's take-out financing of the land acquisition bonds.

The City Contribution is preconditioned and contingent upon IRG's successful take-out financing of the \$17.2 million land acquisition bonds which are currently guaranteed by a non-tax revenue pledge of the City and County. City will have no obligation to provide City Contribution until such take-out financing occurs.

County Assistance:

The County expects to issue, or to have the Port Authority issue on its behalf, Non-Tax Revenue Bonds in the amount of \$15,000,000 to fund \$10.2 million of Project costs and \$4.8 million of costs associated with the Technical Center. The repayment of the bonds will be a non-tax revenue pledge of the County.

The County Contribution is partially preconditioned and contingent upon IRG's successful take-out financing of the \$17.2 million land acquisition bonds which are currently guaranteed by a non-tax revenue pledge of the City and County. Currently, County has guaranteed \$8.6 million of the land acquisition bonds. Until such time as the aforementioned take-out financing occurs, County shall have no obligation to assist with, contribute or issue \$8.6 million of the County Contribution. County will make available to the Project the balance of \$6.4 million of the County Contribution as early as closing, with the understanding of the parties that the preference of the County is to issue all \$15 million of the County Contribution at one time, if feasible for the timing of the Project.

At Lenders request, the County is willing to privately place the County Contribution Bonds directly with Angelo Gordon upon agreement to terms by the parties.

Section VI — Other Requirements:

Private Financing: This term sheet is contingent upon Lender (or other such provider acceptable to the parties) providing private equity and financing in an amount sufficient fund the balance of the Project and the Tech Center

Goodyear Jobs Commitment: This term sheet is contingent upon a commitment by Goodyear to maintain its North American Tire Headquarters and its Global Headquarters in the City of Akron for twenty-five (25) years from the date of closing. Goodyear also will commit to maintain at least 2,900 jobs at the Project site in accordance with the commitments being made to the State of Ohio.

Prevailing Wage: State prevailing wage for the construction of the financed Project will be required as required by law.

Environmental and Insurance: Acceptable Phase I and Phase II environmental reports will be required on the land related to the Headquarters. Based on the review of all Phase II environmental reports, environmental insurance endorsements may be required. If required, the Lessee will name the County, City, Port Authority and Bond Trustee as additional insured parties on an acceptable environmental insurance endorsement. Goodyear will also undertake mitigation in the event of any environmental issue in the Phase II reports requiring mitigation.

Survey: An ALTA survey of the Project site, certified to the Port Authority, will be required.

Title Commitment: Acceptable title commitment and title insurance for the Project site will be required.

Budget and Cost Estimates: A detailed budget and costs estimates of the Project will be required.

Annual Project Administration and Management Fees: The annual Port Authority administrative fee related to the Project will be \$10,000. Prevailing wage coordination costs associated with the project are expected to be \$500 per month during construction of the Project. Annual Trustee fees associated with the Project are estimated to be \$3,000 per year.

Section VIII — Drafting of Documents and Approvals:

Upon execution of this Term Sheet by Goodyear and payment of the \$10,000 application fee (the "Application Fee") and the \$50,000 deposit (the "Deposit"), the Port Authority, the City and the County will commence drafting the various Bond documents. Upon closing of the transaction, the Deposit will be applied to the costs of issuance of the Bonds. Additional deposits will be made by Goodyear as agreed upon by Goodyear and the Port Authority in the event the project does not close on or before March 31, 2011.

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Additionally, by signing this Term Sheet Goodyear agrees to pay all costs and expenses of the Port Authority and its advisors in the event the Project does not close. Such fees and expenses will be limited to work actually performed and costs actually incurred by the Port Authority, Roetzel and Andress and Robert W. Baird & Co.

If there are any significant or material changes to the Project prior to closing, the Parties reserve the right to cancel and/or amend this Term Sheet.

The transactions contemplated herein are subject to (i) approval by, among others, the Port Authority Board of Directors, City Council, and the County Council (ii) delivery of all necessary opinions of Bond Counsel, and (iii) the completion of due diligence and final documentation.

This Term Sheet is hereby executed by the authorized representatives of the parties below.

Dated as of this ___ day of _____, 2011 (the "Effective Date").

Goodyear Tire & Rubber Company Date

Industrial Realty Group Date

Summit County, Ohio Date

City of Akron, Ohio Date

Summit County Port Authority Date

Robert W. Baird & Co. Date